

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 4/21/2011

GAIN Report Number: IN1141

India

Post: New Delhi

Weekly Highlights and Hot Bites No. 16

Report Categories:

Agriculture in the News

Approved By:

Thom Wright

Prepared By:

Santosh Singh, Ritambhara Singh, Amit Aradhey, Shubhi
Mishra, Radha Mani

Report Highlights:

Pawar again bats for exports, targets 4 percent farm growth, *Bumper grain output to cool off food inflation*, *High stocks, a handicap for mango processors*, *Environment Ministry working to fetch MSP for minor forest produce*, *Normal monsoon expected this year*, *Call on export of wheat and rice only after food inflation dips to 5 percent*, *National Policy on Antibiotics to bring livestock under scanner*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

PAWAR AGAIN BATS FOR EXPORTS, TARGETS 4 PERCENT FARM GROWTH

Agriculture Minister Pawar stated that with the expectation of a normal 2011 monsoon, the government has set an agricultural growth target of 4 percent for the current 2011/12 fiscal year (April/March). He further stated that in anticipation of a record wheat harvest in excess of 84 million tons this year, the government is likely to consider allowing exports of food grains. The government had banned exports of wheat in 2007 and there are also restrictions on exports of non-basmati rice, sugar, and pulses. Minister Pawar said that relaxation of exports will create an opportunity for Indian farmers to take advantage of higher global prices. A senior ministry of agriculture official said that government has enough food grains stocks and India can easily export 2 million tons of wheat and rice. (Source: [Financial Express](#), 04/21/2011)

BUMPER GRAIN OUTPUT TO COOL OFF FOOD INFLATION

Food prices are expected to remain stable this summer as abundant stocks of rice, wheat, pulses, sugar, and edible oil would keep a lid on volatility. This will come as a relief to millions of households struggling to cope up with 9 percent inflation in an economy where food takes away one out of every two rupees they earned. However, milk, cottage cheese, and vegetable prices will continue their upward spiral, making it difficult for families to top up minerals and vitamins in their diet. The stable trend in commodity prices will help food companies keep prices under control over the next few months, enabling the common man to heave a sigh of relief. (Source: [Economic Times](#), 04/19/2011)

HIGH STOCKS, A HANDICAP FOR MANGO PROCESSORS

According to fruit processors and merchant exporters a large volume of stocks of mango pulp carried over from the last season could hurt prospects for processors this season as overseas buyers are staying away. Last year, when the mango crop failed, fruit prices had increased steeply and pushed up prices of mango pulp, which is primarily produced for export. Buyers in West Asia and Europe, the two major markets for Indian mango pulp, turned to Latin America. Political unrest in West Asia had also contributed to the demand falling rapidly. Processors had paid farmers about Rs 16-22 a kg, which meant that pulp prices had increased steeply. The cost of a carton was \$21 in the last season and now they are offering it at \$14 but are finding no buyers. (Source: [Business Line](#), 04/16/2011)

ENVIRONMENT MINISTRY WORKING TO FETCH MSP FOR MINOR FOREST PRODUCE

Environment Minister Jairam Ramesh has reiterated his ministry's commitment to work with the Planning Panel and ministries of Tribal Affairs and Panchayati Raj to finalize a road map for working out a Minimum Support Price (MSP) for minor forest produce such as bamboo and tendu leaves (Indian Ebony). Ramesh has written to Planning Commission Deputy Chairman, Montek Singh Ahluwalia about the consensus plan that has been worked out together with Sudha Pillai and T. Haque, who head the committee on minor forest produce set up by the Panchayati Raj Ministry. It has been agreed that the MSP must be fixed by a central committee to serve as a bench mark for the states. State governments will be free to fix a price which is higher than the benchmark. (Source: [Economic Times](#), 04/21/2011)

NORMAL MONSOON EXPECTED THIS YEAR

The Indian Meteorological Department today predicted "normal rains" for the 2011 monsoon, strengthening agricultural production prospects. The seasonal rainfall for the country as a whole was likely to be normal, which is 96 to 104 percent of the long period average. Quantitatively, monsoon season rainfall is likely to be 98 percent of the long period average." The country's most-awaited weather phenomenon is also expected to be on time. The IMD will update the forecast in June, when a clearer picture would emerge. Notably, at the recent South Asian Climate Outlook Forum (SASCOF-2), meteorologists admitted that forecasts from different climate models indicated large uncertainty, partly because the La Niña conditions were expected to weaken to a neutral state over the course of the monsoon season. The SASCOF outlook clearly indicated a slightly enhanced likelihood for below normal rainfall conditions over northwestern parts and some northeastern parts of South Asia and above normal rainfall over the southern parts of South Asia, including the islands. Rice and soybean growing areas of southern and central India could receive above-normal to normal monsoon rains in 2011, but cane and corn growing areas could see below-normal rainfall. An additional problem is an above-normal snow-cover area over the Northern Hemisphere, which may result in reduced land-sea heat contrast in the Asian monsoon region and thus slightly weaken the monsoon circulation. (Source: [Tribune India](#), 04/19/2011 and [Financial Express](#), 04/21/2011)

CALL ON EXPORT OF WHEAT AND RICE ONLY AFTER FOOD INFLATION DIPS TO 5%

Mr. C. Rangarajan, Chairman of Prime Minister's Economic Advisory Council has said that the demand for lifting the ban on wheat and rice exports could only be considered following the softening of food inflation to 5%. He is hopeful that food inflation will moderate with record grain output. The Indian government banned exports of wheat and rice in 2007 to check spiraling prices in the domestic market. However, with the projected bumper harvest of 84.30 million tons of wheat and 102.00 million tons of rice in 2010-11, there is a strong demand from exporters and some policy-makers to allow export of wheat and rice. (Source: [Financial Express](#), 04/21/2011)

NATIONAL POLICY ON ANTIBIOTICS TO BRING LIVESTOCK UNDER SCANNER

India's livestock industry will soon have to restrict the amount of antibiotics used for seafood in the wake of the soon to be announced National Policy on Containment of Antimicrobial Resistance. The policy has been formulated and is now awaiting the approval of the Union Health Minister. The policy prohibits the use of antibiotics and other pharmacologically active substances in any unit processing seafood including shrimp, prawns or any other variety of fish and fishery product. (Source: [FnBnews.com](#), 4/19/2011)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
----------	---------	----------------

IN1138	Weekly Hot Bites, #15	04/15/2011
IN1140	GOI Introduces New Maximum Residue Levels	04/20/2011

WE ARE ON THE NET

Visit our headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach FAS/New Delhi, email us at Agnewdelhi@fas.usda.gov